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TAGS: EFIN ETRD PARM PREL PL

SUBJECT: Further Press Stories on Alleged Polish Bribery Case

Ref: 2004 Warsaw 4013

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¶1. (U) Summary: Polish papers continue to follow allegations that a shadowy Polish tycoon, Marek Dochnal, bribed a parliamentarian related to the privatization sale of a steel mill. There are also allegations that Dochnal was involved in the campaign by Russian companies to buy shares in Poland's largest oil refinery. On December 21, the district court in Lodz extended the term of Dochnal's detention by three months to give prosecutors additional time to build their case. While formal charges have yet to be filed, parliament has lifted the immunity of the deputy whom Dochnal allegedly bribed. End Summary

¶2. (U) Since his arrest in September for allegations of bribery, Marek Dochnal has continued to attract considerable attention in the Polish press. Polish prosecutors in Lodz are still investigating his activities, but it has been reported in the press that Dochnal bribed Andrzej Peczak, a parliamentarian from the Social Democratic Left Party (SLD), by giving him a Mercedes in exchange for information related to the privatization of a Polish state-owned steel mill to the Netherlands-Antilles based LNM company (reftel). Some papers have also reported that Dochnal may have bribed Peczak on behalf of a Russian client seeking to buy shares in Poland's largest oil refinery, PKN Orlen. (There is an ongoing parliamentary investigation into allegations that Russian companies and their Polish agents distributed \$80 million in bribes in pursuit of Orlen shares in what has been dubbed "Orlengate.") Dochnal's spokesman has denied all charges in interviews with the press, telling reporters Dochnal "lent" Peczak the Mercedes.

¶3. (U) Prosecutors are also investigating allegations that one of Dochnal's companies, Larchmont Capital Group, sought to influence the privatization sale of PHS to LNM. Larchmont earned substantial fees for its role in this privatization (in which US Steel was an unsuccessful bidder). Polish papers have also reported that Larchmont was actively involved in a proposed sale of a second Polish steel mill, Czestochowa, in which LNM and a Ukrainian company were bidding. Polish papers have reported that Dochnal was involved with LNM's Ukrainian competitor for the sale, Donbas, in a conspiracy to rig the bidding to create the impression of competition. An LNM spokesman told the press the company "had no knowledge" of the allegations against Dochnal.

¶4. (U) Meanwhile, Polish and British papers have reported extensively on Dochnal's elaborate social connections, having spent more than 5 million pounds over five years to become a leading figure in British polo. Polish papers have asserted that Dochnal pursued such social connections as a way of gaining influence with top government leaders.

¶5. (SBU) Comment: We will continue to follow this case in the press, although, for now, the primary impact seems to be on the ongoing investigation into the commercial activities of Poland's largest refinery, PKN Orlen. On December 21, the district court in Lodz ruled that Dochnal would remain in custody for a further three months to give prosecutors more time to investigate the various aspects of this case. We will watch carefully to see if Polish prosecutors file any formal charges related to bribery of Polish officials on behalf of foreign companies.

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